

## **U.S. Economy: Southeast Businesses Lay Groundwork for Recovery**

### ***Excerpts from a Bloomberg News article***

By Will Edwards  
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High Point, North Carolina, Dec. 4 (Bloomberg) -- The rattle and hum of construction equipment are beginning to harmonize with the chorus of staple guns in High Point, North Carolina, the self-proclaimed "Furniture Capital of the World."

Universal Furniture Ltd. and drug discovery company TransTech Pharm Inc. are two businesses in this city of 90,000 that aren't worried that the U.S. recession was made official last week. Their optimism about the economy is reflected in more spending for facilities and additional hiring.

There are signs business confidence is starting to pick up again in the U.S. Southeast, the 11-state region that has lost 211,100 manufacturing jobs since October of last year. That's a fifth of the 1.1 million factory jobs shed for the entire U.S. during that same 12-month period.

"The economy is stronger than most people think," said Adnan Mjalli, TransTech's chief executive officer. His company, which is searching for cures for such diseases as cancer and diabetes, just added more laboratory space. It expects to double its 60-person staff over the next year and is buying equipment made by Dell Computer Corp. and Fisher Scientific International Inc.

Reports yesterday showed the U.S. economy may be on the mend from its first recession since 1991. Consumer spending rose a record 2.9 percent in October and construction spending increased for the first time in six months. The National Association of Purchasing Management's factory index increased last month.

Anticipating a rebound in the overall economy in the first half of 2002, some companies are moving now to hire workers, reserve expansion space and devise the ad campaigns that will help sell their products when Americans are ready to boost spending.

High Point was among those communities economically hobbled by the events of Sept. 11. The tragedy was most felt more than a month later, when the October installment of the city's biannual international furniture show brought in about three-quarters of its average of 80,000 attendees. Area hotels, restaurants and shops felt the strain.

Just weeks later, earthmovers rambled on at the site of Universal Furniture's future eastern U.S. distribution center. The company, which imports furniture from Asia, will add as many as 120 workers at the 350,000-square-foot facility, as well as more sophisticated inventory-tracking equipment provided by Oracle Corp.

"We take a long-term view of our business," said President Harvey Dondero. "And we're

expecting a nice surge in business by the middle of next year."

There's a sense that the economy's rebound is imminent in High Point, a city that's converted just about every downtown building, even its former public library, into furniture showrooms that are open to visitors just twice a year. At last count, there were 163 showrooms within the city limits, boasting 12 million square feet in display space.

Thomas Mitchell, whose Merchandise Mart Properties Inc. owns about 2.2 million square feet of that space, just demolished a Ramada Inn hotel and put up another showroom in its place. For Mitchell, there's a flip side to Commerce Department figures showing U.S. furniture sales down 12 percent so far this year.

"The pent-up demand for these products is at an all-time high," Mitchell said.